
HOW TO LEVERAGE PRICING CONSISTENCY?



AGENDA

1

L'OCCITANE - WHO ARE WE?

2

«NEW» PRICING TEAM TO SPEAD CUSTOMER'S VOICE

3

OUR TOOLS TO ENSURE CONSISTENCY

4

THIS JOURNEY IS 1% FINISHED



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L'Occitane

L'OCCITANE
EN PROVENCE

De la Vallée de Provence
L'OCCITANE - L'essence de la Provence - LA PROVENCE

L'Occitane

sunglasses hut

glasses hut

Who are we?

The **L'OCCITANE** Group manufactures and retails natural cosmetics and well-being products.

 **1.3**
billion Euros
in consolidated turnover

 **4.6%**
growth
(constant exchange rate)

 **90**
Presence in
countries

 **3,285**
retail outlets, including
1,555 company-owned stores



8.125M
active customers in Sell-out
channels / owned stores



L'OCCITANE
EN PROVENCE

More than **600+** products

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PRICING MISSION since 2017

**DRIVE MARGIN &
CUSTOMER PERCEPTION
IMPROVEMENT THROUGH
FACT BASED
PRICING DECISION**



CUSTOMERS VALUE PERCEPTION & WTP



L'OCCITANE
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WTP = Willingness to pay

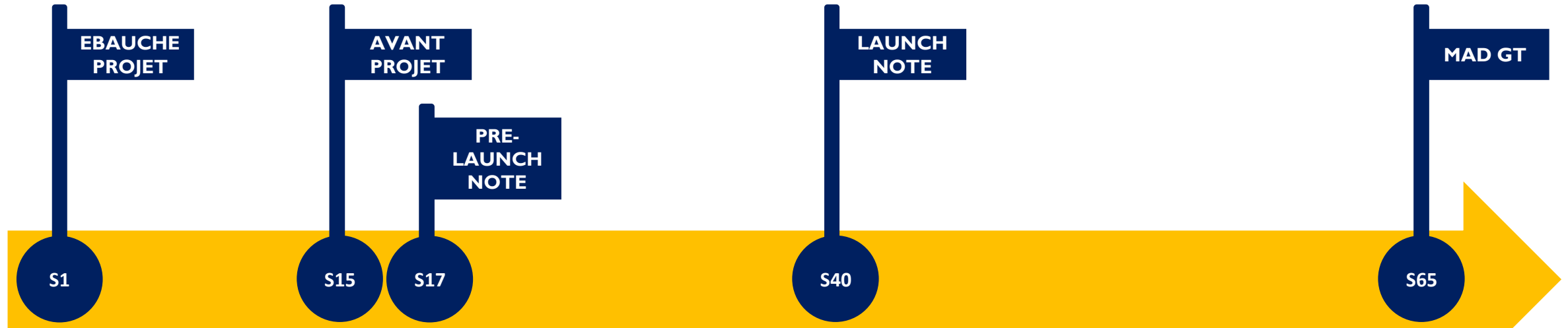
New pricing team working with...

GLOBAL BRAND DIRECTION



CONTROLING

Milestones of the pricing journey for novelties



Early stages of product development

Final products available in our French manufactory for shipments

1. PRICING SESSION TO DEFINE IRPP

MARKETING + PRICING + CONTROLLING

2. PROPOSAL/RECO FOR LRPPs

PRICING + LOCAL MKG FOR TOP 10 COUNTRIES

3. FINAL LRPPs COMMUNICATED

MARKETING

A new workflow to reverse pricing mindsets...

STOP
COST+
APPROACH



START VALUE
BASED
PRICING



& maximize lifetime value of each client



PUSH
RECRUITMENT



INCREASING VALUE
PER CUSTOMER



LOWERING CHURN



MASS &
% MARGIN

Our 3-year journey

Roadmap

UN-FREEZE

- Staffing pricing team
- Define perimeter of responsibilities and pricing governance model
- Build pricing methodological pillars
 - IRPP/LRPP methodology
 - Competition mapping (DRP)
 - Value Map
 - Index
 - New Promo charter
- Pricing project in top countries to demonstrate pricing power : added-value and opportunities (€€€)

YEAR 1 = 2017

REFINE & INDUSTRIALIZE

- Accelerate global pricing visibility and support through pricing test/analysis done together with countries
- Animate pricing community (Local)
- Improve pricing toolboxes / methodology based on Local/Central team feedbacks
- Formalised workflow/supports to interact with Central/Local team (cut silos)
- Implement 'industrial' pricing workflow :
 - Standard/Automatic dashboard
 - Pricing workflow in system
- Training and development of pricing community

YEAR 2 = 2018

EXTEND

- Continuous improvement of toolbox, methodology for Pricing & Promotion.
- Training and on-boarding/succession plan of pricing community
- Open pricing expertise and support to :
 - More business units
 - Other channels (TR)
 - Other brands
- Become a recognized 'pole d'excellence' with maximum expertise to develop growth and profit

YEAR 3 = 2019

Time

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Multiple tools to ensure consistency

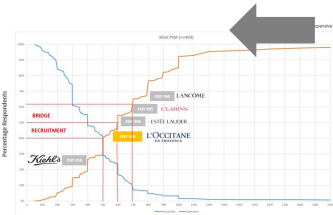
Impact

Quick wins!



Value Maps

Major projects



PSM Tests



Index



Market data
(competitors' positioning)



Category role

Fill in jobs

Thankless tasks

Effort



L'OCCITANE
PRICING TOOLS



1. Prerequisite category role
2. Value Maps, the pricing pillar
3. Market data (competitors' positioning vs L'Occitane)
4. Competitors index & target
5. PSM tests

I. Prerequisite category roles

IDENTIFIED ROLES DEFINED BY CATEGORY



RECRUIT
EXTERNALLY



IMPULSE



GIFTING



EQUITY/
EXPERTISE



LOYALTY &
REPEAT



TRADE-UP TO
PREMIUM
PRODUCTS

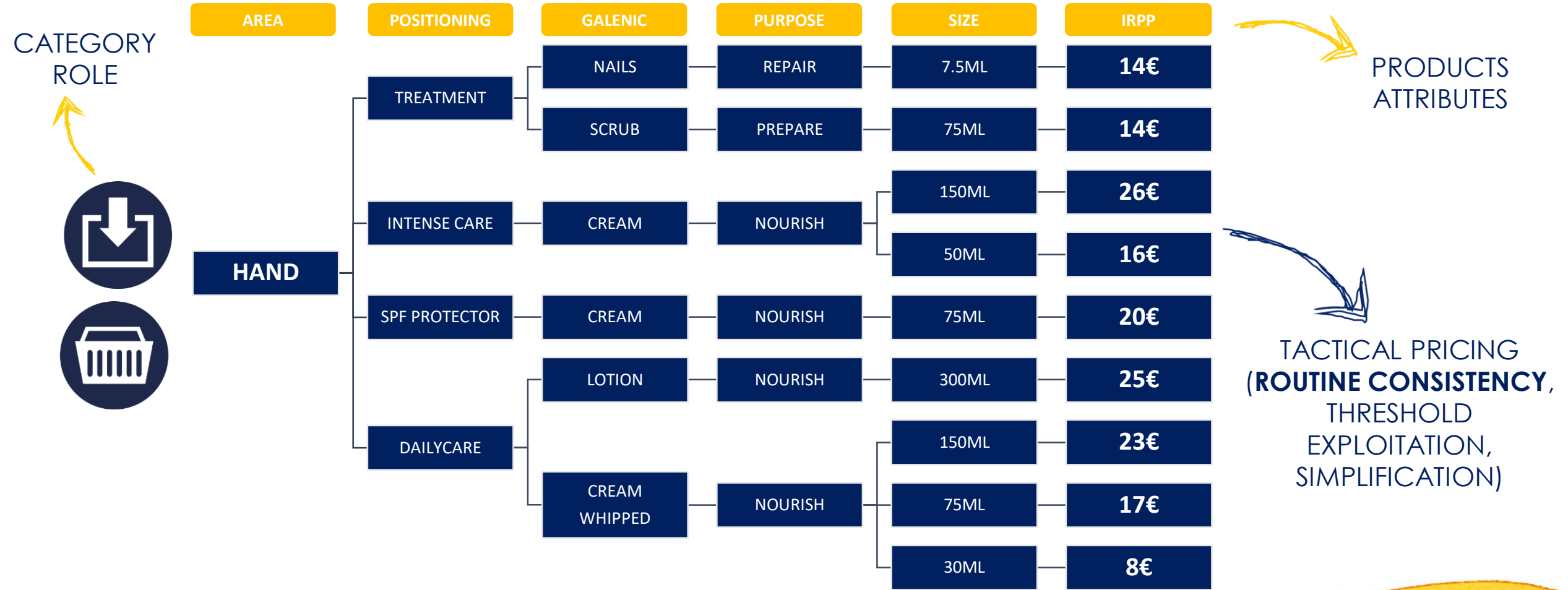


BRIDGE NEW
CATEGORIES

NOVELTIES
WORKFLOW



2. Value maps, the pricing pillar



3 + 4 . Our annual competition analysis

1. DRP DATA EXTRACT



2. DEFINITION OF THE FRAMEWORK

→ GROUP MANAGER SUPPORT

3. DEFINITION OF THE PRODUCTS LISTS & BASKETS

→ GROUP & PRODUCT MANAGER SUPPORT

4. REWORK OF THE MISSING DATA WITH LOCAL ECOMMERCE SITES

→ LOCAL PRICING LEADER SUPPORT

TOP 10 COUNTRIES

SOURCES:

DRP &

LOCAL ECOMMERCE SITES

BUDGET RATE



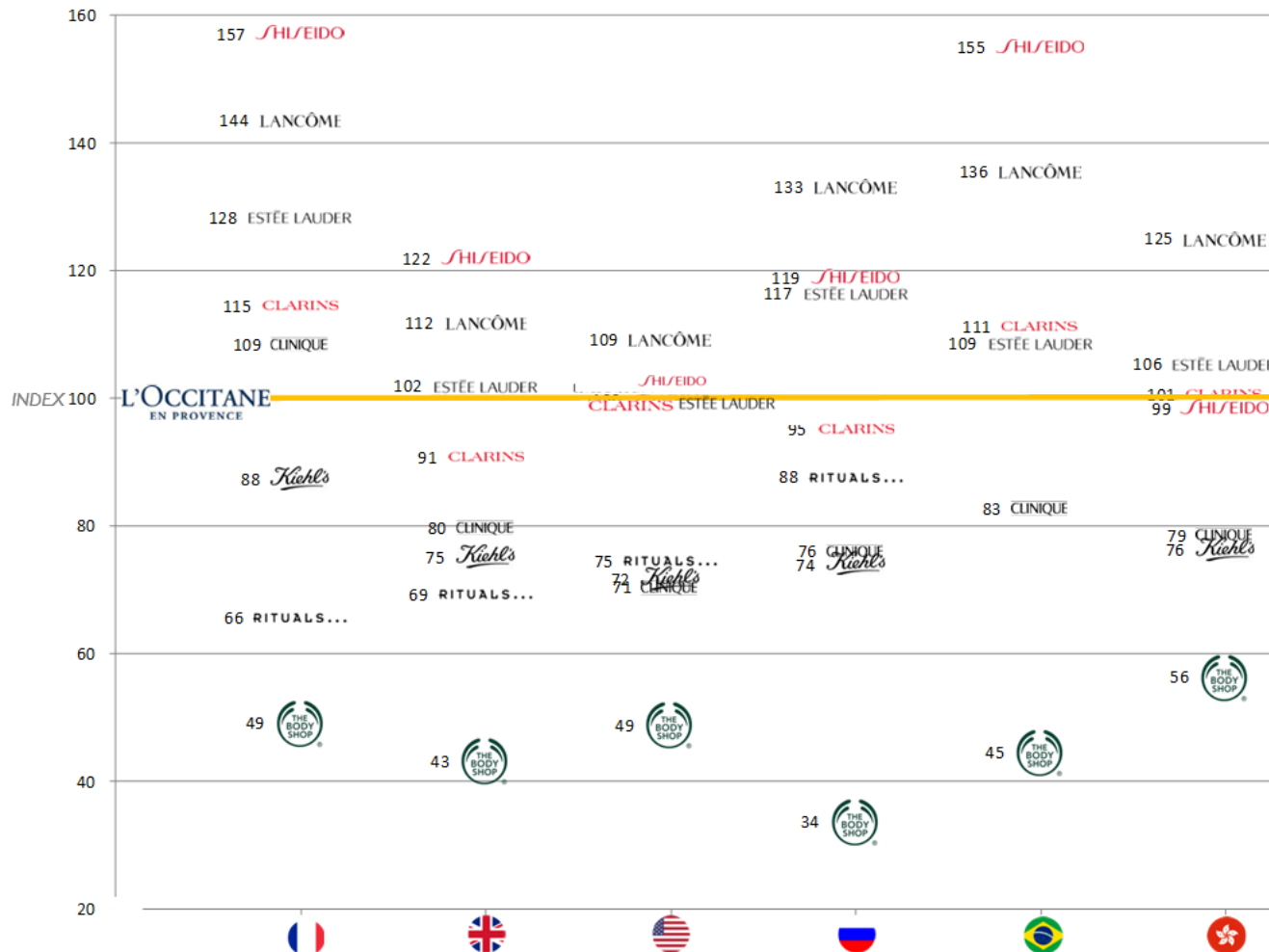
BASKETS OF BEST COMPARABLES SKUS

- 10 FACECARE
- 9 BODYCARE & TOILETRIES
- 11 FRAGRANCE
- 7 HAIR CARE

VAT & TAXES FOR COMPARABLE BASKETS:
→ STICKER, WEBSTORE & DEPARTMENT STORE PRICES FROM MY DRP (WITH VAT IN ALL COUNTRIES EXCEPT US & JP)

3. Market data

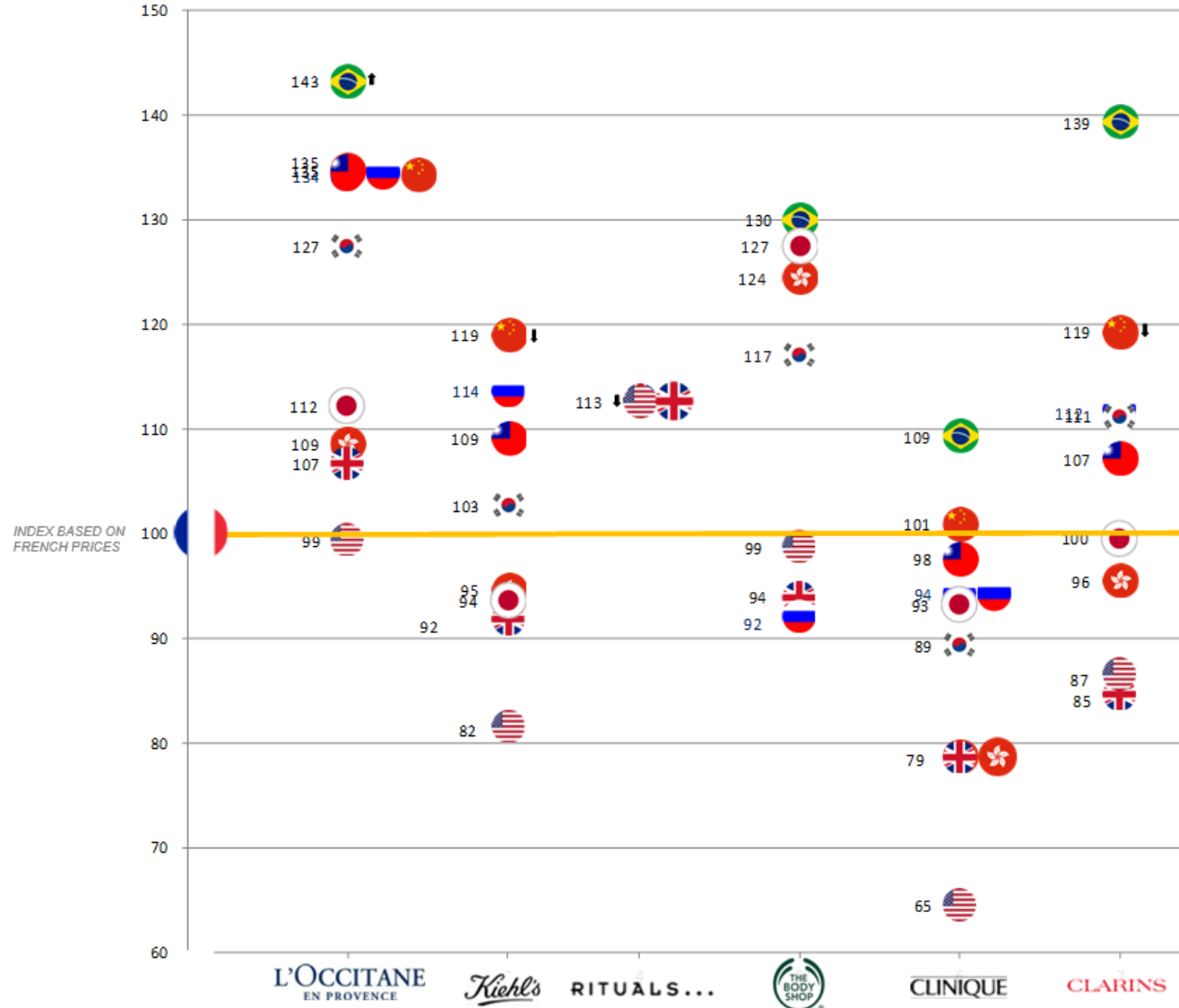
Category shares, brand shares, zoom below on competitors' positioning



MONITORING OF
L'OCCITANE
POSITIONING TO
ENSURE THAT WE ARE
**CONSISTENT WITH
OUR STRATEGY &
CONSUMERS WTP**



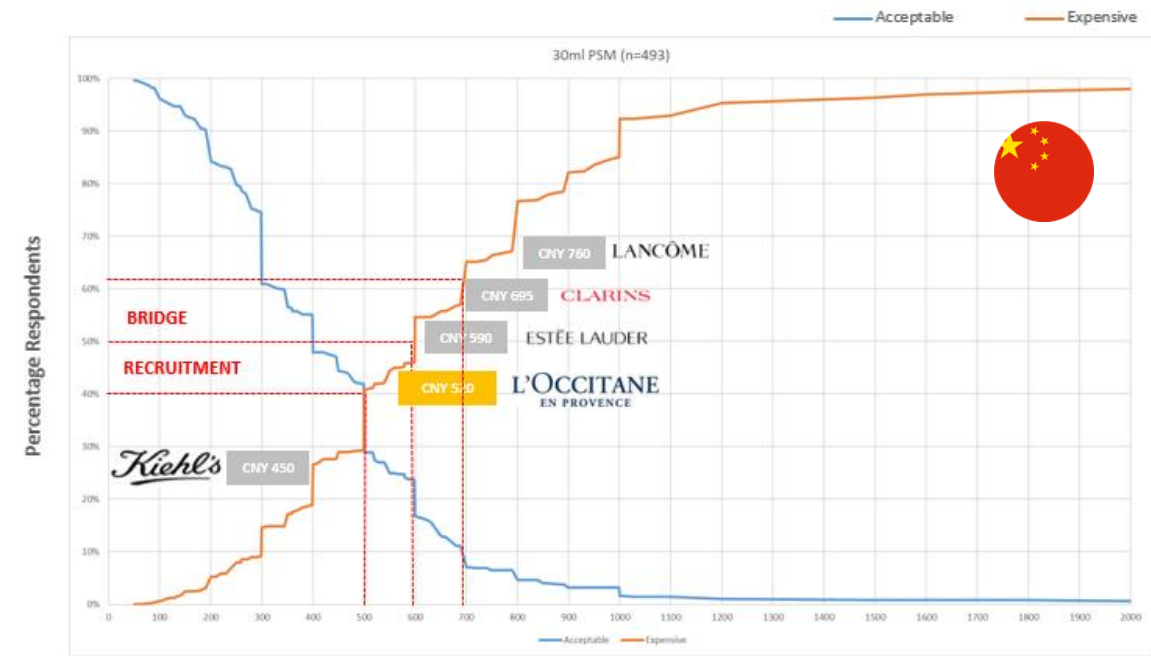
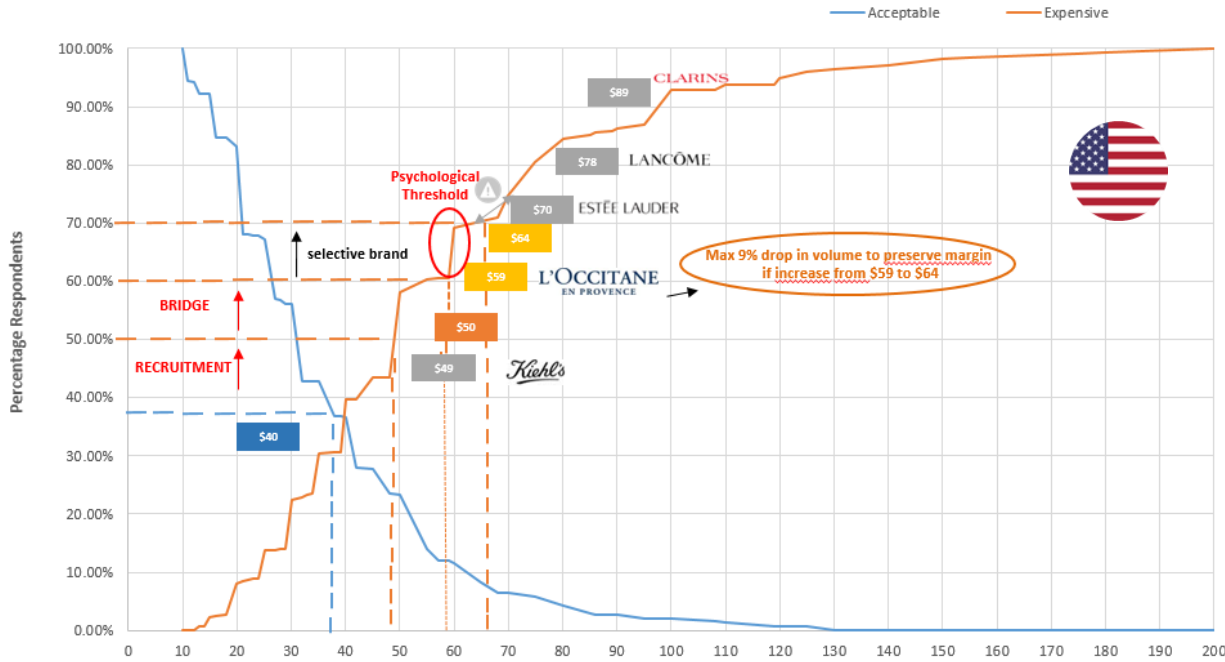
4. Competitors' index & target



MONITORING OF L'OCCITANE & COMPETITORS INDEX TO UNDERSTAND COMPETITORS PRACTICES & L'OCCITANE REALITY BEFORE SHARING TARGETS BY CATEGORY TO TOP COUNTRIES
→ WW CONSISTENCY CHALLENGE

5. Price Sensitivity Measurement (PSM) Tests

PSM Test : «At what price this L'Occitane product is acceptable? Expensive?»



PSM TOOLS TO HIGHLIGHT PSYCHOLOGICAL THRESHOLD IN THE CONSUMER PRICE PERCEPTION VS PRODUCT ROLE & COMPETITIVE ENVIRONMENT
→ PRICING CONSISTENCY TO WTP

NOVELTIES WORKFLOW + ANNUAL PRICING REVIEW

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From pricing consistency to sustainability...



Tools automatization:

- Pricing workflow
- Value Maps



Spread pricing expertise in
Business Units thanks to a
training program

L'OCCITANE
EN PROVENCE - GBD